

Prisma Health Midlands Foundation and Subsidiary

Report on Consolidated Financial Statements

For the years ended September 30, 2022 and 2021

Prisma Health Midlands Foundation and Subsidiary

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To the Board of Directors
Prisma Health Midlands Foundation
Columbia, South Carolina

Opinion

We have audited the accompanying financial statements of Prisma Health Midlands Foundation and Subsidiary (the "Foundation"), which comprise the consolidated statements of financial position as of September 30, 2022 and 2021, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements (collectively, the "financial statements").

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Foundation as of September 30, 2022 and 2021, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Foundation and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

Auditor's Responsibilities for the Audit of the Financial Statements, Continued

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Foundation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.



Columbia, South Carolina
January 31, 2023

Prisma Health Midlands Foundation and Subsidiary

Consolidated Statements of Financial Position

As of September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Assets		
Current assets		
Cash and cash equivalents	\$ 3,454,663	\$ 2,785,690
Investments	29,346,259	32,644,092
Unconditional promises to give, net		
Restricted	396,137	324,780
Accounts receivable	8,898	-
Accrued interest receivable	12,093	7,256
Prepaid expenses and other	55,425	150,593
Total current assets	<u>33,273,475</u>	<u>35,912,411</u>
Long-term unconditional promises to give, net		
Restricted	<u>51,759</u>	<u>300,620</u>
Property and equipment, net	<u>3,101,297</u>	<u>3,126,939</u>
Other assets		
Contributions receivable from remainder unitrusts	81,360	160,393
Other assets	39,724	39,724
Unrealized gain on interest rate swap instrument	17,260	-
	<u>138,344</u>	<u>200,117</u>
Total assets	<u>\$ 36,564,875</u>	<u>\$ 39,540,087</u>
Liabilities and Net Assets		
Current liabilities		
Current portion of bond payable, net	\$ 223,763	\$ 215,881
Accounts payable	29,863	10,593
Accrued expenses and other	577,440	191,719
Deferred revenue	448,432	178,120
Total current liabilities	<u>1,279,498</u>	<u>596,313</u>
Long-term liabilities		
Bond payable, net	996,323	1,220,086
Unrealized loss on interest rate swap instrument	-	68,169
Total long-term liabilities	<u>996,323</u>	<u>1,288,255</u>
Total liabilities	<u>2,275,821</u>	<u>1,884,568</u>
Net assets		
Without donor restrictions	9,206,243	11,170,244
With donor restrictions	25,082,811	26,485,275
Total net assets	<u>34,289,054</u>	<u>37,655,519</u>
Total liabilities and net assets	<u>\$ 36,564,875</u>	<u>\$ 39,540,087</u>

See Notes to Consolidated Financial Statements

Prisma Health Midlands Foundation and Subsidiary

Consolidated Statements of Activities

For the years ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Changes in net assets without donor restrictions		
Revenues		
Contributions	\$ 41,386	\$ 84,473
Contributed nonfinancial assets	-	3,660
Prisma Health contract services	1,579,000	1,550,000
Rental income	380,269	380,269
Interest and dividends, net	84,290	57,128
Net realized and unrealized gain/(loss) on investments	(2,124,896)	2,340,450
Paycheck Protection Program (PPP) refunded advance	-	291,237
Unrealized gain on interest rate swap instrument	85,429	43,142
Total revenues without donor restrictions	<u>45,478</u>	<u>4,750,359</u>
Net assets released from donor restrictions	2,779,156	4,799,988
Transfers	(6,452)	654,035
	<u>2,818,182</u>	<u>10,204,382</u>
Expenses		
Program services	3,278,743	5,672,749
Costs of direct benefits to donors	48,754	41,183
Management and general	417,501	441,148
Fundraising	1,037,185	1,329,774
Total expenses	<u>4,782,183</u>	<u>7,484,854</u>
Change in net assets without donor restrictions		
before unrealized (gain)/loss on interest rate swap instrument	<u>(1,964,001)</u>	<u>2,410,996</u>
Change in net assets without donor restrictions	<u>(1,964,001)</u>	<u>2,410,996</u>
Changes in net assets with donor restrictions		
Revenues		
Contributions	2,989,265	1,274,054
Contributed nonfinancial assets	371,859	432,833
Special event revenue	1,786,345	1,717,176
Interest and dividends, net	293,678	242,104
Net realized and unrealized gain/(loss) on investments	(4,039,824)	3,268,942
Change in value of split-interest agreements	(31,083)	7,565
Total revenues with donor restrictions	<u>1,370,240</u>	<u>6,942,674</u>
Net assets released from donor restrictions	(2,779,156)	(4,799,988)
Transfers	6,452	(654,035)
Change in net assets with donor restrictions	<u>(1,402,464)</u>	<u>1,488,651</u>
Change in net assets	<u>(3,366,465)</u>	<u>4,208,179</u>
Net assets, beginning of year	<u>37,655,519</u>	<u>33,447,340</u>
Net assets, end of year	<u>\$ 34,289,054</u>	<u>\$ 37,655,519</u>

See Notes to Consolidated Financial Statements

Prisma Health Midlands Foundation and Subsidiary

Consolidated Statement of Functional Expenses

For the year ended September 30, 2022

	Program Services			Total
	Hospital	Management and General	Fundraising	
Grants and other assistance	\$ 2,412,047	\$ -	\$ -	\$ 2,412,047
Salaries and wages	572,368	219,922	504,421	1,296,711
Payroll taxes	36,795	14,138	32,427	83,360
Accounting	35,221	13,533	31,039	79,793
Supplies	703	270	617	1,590
Telephone	972	373	856	2,201
Postage and shipping	938	360	826	2,124
Printing and publishing	87	34	77	198
Travel	138	53	122	313
Office expense	9,294	3,571	8,191	21,056
Dues	21	8	19	48
Insurance	4,207	1,616	3,707	9,530
Recognition expense	13,803	5,303	12,164	31,270
Computer expense	69,483	26,698	61,235	157,416
Catering	365	140	322	827
Leasing	1,415	542	1,246	3,203
Employee recruitment	18,087	6,950	15,940	40,977
Board development	1,241	477	1,094	2,812
Promotional expense	5,298	2,036	4,669	12,003
Special event expense	50,369	105,290	369,838	525,497
Bad debt	4,132	142	327	4,601
Depreciation and amortization	41,759	16,045	36,802	94,606
	<u>\$ 3,278,743</u>	<u>\$ 417,501</u>	<u>\$ 1,085,939</u>	<u>\$ 4,782,183</u>

See Notes to Consolidated Financial Statements

Prisma Health Midlands Foundation and Subsidiary

Consolidated Statement of Functional Expenses

For the year ended September 30, 2021

	Program Services			Total
	Hospital	Management and General	Fundraising	
Grants and other assistance	\$ 4,512,665	\$ -	\$ -	\$ 4,512,665
Salaries and wages	864,896	332,321	762,222	1,959,439
Payroll taxes	55,129	21,182	48,585	124,896
Accounting	34,071	13,091	30,026	77,188
Supplies	1,868	718	1,646	4,232
Telephone	1,428	549	1,259	3,236
Postage and shipping	604	232	533	1,369
Printing and publishing	1,669	641	1,471	3,781
Travel	1	1	1	3
Office expense	14,692	5,645	12,948	33,285
Dues	149	57	131	337
Insurance	3,508	1,348	3,092	7,948
Recognition expense	2,315	889	2,040	5,244
Computer expense	51,408	19,753	45,305	116,466
Catering	678	260	597	1,535
Leasing	1,280	490	1,127	2,897
Employee recruitment	73	28	64	165
Board development	2,747	1,056	2,421	6,224
Promotional expense	4,168	1,601	3,673	9,442
Special event expense	74,958	24,776	415,954	515,688
Bad debt	3,918	938	2,148	7,004
Depreciation and amortization	40,524	15,572	35,714	91,810
	<u>\$ 5,672,749</u>	<u>\$ 441,148</u>	<u>\$ 1,370,957</u>	<u>\$ 7,484,854</u>

See Notes to Consolidated Financial Statements

Prisma Health Midlands Foundation and Subsidiary

Consolidated Statements of Cash Flows

For the years ended September 30, 2022 and 2021

	<u>2022</u>	<u>2021</u>
Operating activities		
Change in net assets	\$ (3,366,465)	\$ 4,208,179
Adjustments to reconcile the change in net assets to net cash provided by (used for) operating activities		
Depreciation and amortization	94,606	91,810
Net realized and unrealized (gains)/losses on investments	6,164,720	(5,609,392)
Donated securities	(1,080,739)	-
Dividends reinvested	(475,705)	(392,406)
Change in value of remainder unitrusts	79,033	(7,564)
Unrealized gain on interest rate swap instrument	(85,429)	(43,142)
Changes in deferred and accrued amounts		
Unconditional promises to give, net	177,504	337,034
Accounts receivable	(8,898)	-
Accrued interest receivable	(4,837)	1,007
Prepaid expenses and other	95,168	128,253
Accounts payable	19,270	(32,038)
Accrued expenses and other	385,721	122,656
Deferred revenue	270,312	(27,591)
Net cash provided by (used for) operating activities	<u>2,264,261</u>	<u>(1,223,194)</u>
Investing activities		
Purchases of property and equipment	(63,224)	(286,262)
Purchases of investments	(5,440,958)	(5,568,626)
Sales and redemptions of investments	4,130,515	6,855,687
Net cash provided by (used for) investing activities	<u>(1,373,667)</u>	<u>1,000,799</u>
Financing activities		
Bond payments	(221,621)	(214,009)
Net cash used for financing activities	<u>(221,621)</u>	<u>(214,009)</u>
Net increase (decrease) in cash and cash equivalents	668,973	(436,404)
Cash and cash equivalents, beginning of year	2,785,690	3,222,094
Cash and cash equivalents, end of year	<u>\$ 3,454,663</u>	<u>\$ 2,785,690</u>
Supplemental cash flow information		
Cash paid during the year for interest	<u>\$ 46,269</u>	<u>\$ 53,566</u>
Non-cash investing activities		
Donated securities	<u>\$ 1,080,739</u>	<u>\$ -</u>

See Notes to Consolidated Financial Statements

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

Note 1. Summary of Significant Accounting Policies

The consolidated financial statements of Prisma Health Midlands Foundation (the "Foundation") and its wholly owned subsidiary, Taylor-Marion PHMF, LLC ("Taylor-Marion"), have been prepared on the accrual basis of accounting.

Background:

The Foundation's sole purpose is to support the mission, purposes, and activities of Prisma Health - Midlands and its related organizations ("Prisma Health - Midlands"). The Foundation supports and promotes Prisma Health - Midlands in its delivery of patient care services as a health care center for the community and in all health and humanitarian endeavors.

During the year ended September 30, 2006, the Foundation formed Taylor-Marion. The Foundation is the sole member of Taylor-Marion. The purpose and activities of Taylor-Marion are to own the property to be used as the operating facility for the Foundation and certain administrative offices of Prisma Health - Midlands.

Consolidation:

The consolidated financial statements include the accounts of the Foundation and Taylor-Marion. Significant intercompany accounts and transactions have been eliminated in consolidation.

Net assets:

The Foundation's net assets are classified as follows:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Foundation. These net assets may be used at the discretion of the Foundation's management and the Board of Directors.

Net assets with donor restrictions: Net assets that are subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature; those restrictions will be met by actions of the Foundation or by the passage of time (that is, when a stipulated time restriction ends, or purpose restriction is accomplished). Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Endowment funds:

The Board of Directors of Prisma Health Midlands Foundation has interpreted the Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, Prisma Health Midlands Foundation classifies as net assets with donor restrictions (a) the original gifts donated to the permanent endowment, (b) subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund is classified in net assets with donor restrictions until those amounts are appropriated for expenditure by the Foundation in a manner consistent with the standard of prudence prescribed by UPMIFA.

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

Note 1. Summary of Significant Accounting Policies, Continued

Investments in securities:

Investments in marketable securities with readily determinable fair values and all investments in debt securities are valued at their fair values in the consolidated statements of financial position. Investment income or loss (including gains and losses on investment, interest, and dividends) is included in the consolidated statements of activities as increases or decreases in net assets without donor restrictions, unless the income or loss is specifically restricted by donor or law.

The cost of marketable securities represents amounts paid for purchased securities. Contributed securities are recorded at fair value on the date of donation.

Unrealized gain or loss on marketable securities is the difference between fair value and cost of investments held at the measurement date. Gains and losses on sales of marketable securities are determined on the trade date using the specific identification method. For investments where shares are not involved, realized gains and losses are calculated based upon the weighted average cost of the investments sold.

Investment income is reported net of related expenses, such as investment management fees and custodial fees.

Interest income is recognized as earned. Dividends are recognized on the ex-dividend date.

Loan costs:

The Foundation accounts for loan costs by amortizing the costs over the life of the loan using the straight-line method. Loan costs have been netted against the related bond payable for consolidated statements of financial position purposes. For the years ended September 30, 2022 and 2021, amortization of loan costs was \$5,740.

Property and equipment:

Property and equipment are stated at cost. The Foundation follows the practice of capitalizing all expenditures for furniture and equipment in excess of \$500. Depreciation is computed using the straight-line method over the estimated useful lives of assets as follows:

Buildings and building improvements	39 years
Computer equipment	5 years
Furniture and equipment	5-10 years

Additions and improvements are capitalized, and repairs and maintenance costs are charged to expense as incurred. Gains and losses on assets disposed of or retired are recognized in the consolidated statements of activities in the year of disposition.

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

Note 1. Summary of Significant Accounting Policies, Continued

Transfers:

The Foundation implemented a management fee designed to support the cost of administering restricted funds. The management fee charged for the year ended September 30, 2021 was 5% and totaled \$775,973 and is included within transfers on the consolidated statements of activities. The management fee was discontinued in fiscal year 2022 due to a new agreement with Prisma Health - Midlands (See Note 16).

Revenue recognition:

Contributions that are unrestricted or restricted by donors are earned and recognized when the donation is received or unconditionally pledged, as long as there is no performance requirement attached to the contribution. For contributions receivable, a performance obligation attached to the contributions receivable would be considered conditional contributions receivable, and the conditional contributions receivable would be recognized only when the conditions on which they depend are substantially met and the receivables become unconditional.

Special events and sponsorships revenue are recognized as revenue when the scheduled event has occurred at a point in time (i.e., the performance obligation has been met). In the case where the Foundation receives funds for an event package or event sponsorship which is also considered to have a contribution component, the Foundation determines which portion of the funds received relates to the event or sponsorship benefits received by the sponsor (i.e., advertising leading up to the event, advertising at the event, and tickets to the event) vs. which part is a contribution (amount paid that is above and beyond the benefits received). The amount determined to be a contribution is recognized immediately as noted above.

Deferred revenue results from collections of special event revenues in advance of when the event takes place.

Grant revenues typically require that certain conditions be met before they are earned. Accordingly, grant revenues are deferred until the related conditions are met which typically is when the grant funds are expended for their intended purpose.

The Foundation's management reviews and analyzes unconditional promises to give on an annual basis. Amounts deemed uncollectible are written off during the period in which such a determination is made.

Unconditional promises to give that are expected to be collected within one year are recorded at their estimated net realizable value. Unconditional promises to give that are expected to be collected in future years are recorded at the present value of estimated future cash flows using the applicable federal rates for determining the present value of an annuity. Amortization of the discount is included in contribution revenue. Conditional promises to give are not included as support until such time as the conditions are substantially met.

Agency transactions:

The Foundation often assists Prisma Health - Midlands with federal grant applications and, at times, receives grant contributions on behalf of Prisma Health - Midlands. These funds are recorded as a liability in the period received and are generally disbursed to Prisma Health - Midlands immediately.

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

Note 1. Summary of Significant Accounting Policies, Continued

Contributed nonfinancial assets:

The Foundation receives certain services and items for use in special events at no charge. The estimated fair value of the services and items is recorded as revenue and expense in the accompanying consolidated statements of activities.

Availability of funds for general expenditures:

The Foundation has certain net assets that are available for general expenditures within one year of September 30, 2022 and 2021 based on conducting the normal activities of its programs in the coming year. Accordingly, the related resources have been included in the quantitative information detailing the assets available to meet general expenditures within one year (See Note 2).

Interest rate swap instrument:

The Foundation entered into an interest rate swap agreement with a financial institution regarding interest rates on its bond payable. The swap effectively limits the Foundation's exposure to possible increases in its floating interest rate. The swap is accounted for as a cash flow hedge. Accordingly, the gain or loss associated with the fair market value of the swap is included in the change in net assets without donor restrictions. Interest rate swap settlements are recognized as adjustments to interest expense in the consolidated statements of activities when paid or received.

Income taxes:

The Foundation is a not-for-profit corporation as described in Section 501(c)(3) of the Internal Revenue Code (IRC) and is exempt from federal and state taxes on related income pursuant to Section 509(a)(3) of the IRC.

Taylor-Marion is a single member LLC and is included in the information tax returns of the Foundation.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Foundation and recognize a tax liability (or asset) if the Foundation has taken an uncertain position that more likely than not would not be substantiated upon examination by the Internal Revenue Service. Management has analyzed the tax positions taken by the Foundation, and has concluded that as of September 30, 2022 or 2021, there are no uncertain positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the consolidated financial statements. The Foundation is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress.

Cash and cash equivalents:

For purposes of the consolidated statements of cash flows, the Foundation considers all highly liquid investments with an original maturity of three months or less, other than amounts invested with professional investment advisors, to be cash equivalents.

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

Note 1. Summary of Significant Accounting Policies, Continued

Estimates:

The preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of results of operations during the reporting period. Actual results could differ from those estimates.

Expense allocation:

The costs of providing various programs and activities have been summarized on a functional basis in the consolidated statements of activities and functional expenses. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses of the Foundation include:

Program services expenses – Program services expenses include the costs associated with specific Foundation programs.

Management and general expenses – Management and general expenses include the general, administrative, and operating costs of the Foundation.

Fundraising expenses – These expenses include direct and indirect activities undertaken to solicit contributions from donors.

The financial statements report certain categories of expenses that are attributable to more than one program or supporting function. Therefore, these expenses require allocation on a reasonable basis that is consistently applied. Overhead is allocated based on management's estimate of time and effort, and all other expenses are allocated based on direct costs.

Recent accounting pronouncements:

In February 2016, the FASB amended the Leases topic of the Accounting Standards Codification to require all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance leases or operating leases. This distinction will be relevant for the pattern of expense recognition in the consolidated statements of activities. The amendments will be effective for fiscal years beginning after December 15, 2021. Early adoption is permitted. The Foundation is currently in the process of evaluating the impact of adoption of this guidance on the consolidated financial statements.

In September 2020, the FASB issued ASU 2020-07, *Presentation and Disclosures by Not-for-Profit Entities for Contributed Nonfinancial Assets*, an update to increase the transparency of the measurement of contributed nonfinancial assets through enhancements to presentation and disclosure. The Foundation adopted this new standard on October 1, 2021, and it was applied retroactively to the consolidated financial statements as of and for the year ended September 30, 2021. The presentation and disclosures of contributions of nonfinancial assets have been enhanced in accordance with the standard (See Note 12).

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

Note 1. Summary of Significant Accounting Policies, Continued

Recent accounting pronouncements, continued:

Other accounting standards that have been issued or proposed by the FASB or other standards-setting bodies are not expected to have a material impact on the Foundation's net assets or changes in net assets.

Reclassification:

Certain reclassifications have been made to prior years' financial statements in order to conform with the current year presentation. These changes had no impact on the change in net assets.

Subsequent events:

In preparing these consolidated financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through January 31, 2023, the date the consolidated financial statements were available to be issued.

Note 2. Availability and Liquidity

Assets available for general expenditure, that are without donor or other restrictions limiting their use within one year of the consolidated statements of financial position dates of September 30, 2022 and 2021, are comprised of the following:

	<u>2022</u>	<u>2021</u>
Assets at year-end	\$ 36,564,875	\$ 39,540,087
Less amounts not available to be used within one year due to illiquidity:		
Prepaid expenses and other	55,425	150,593
Unconditional promises to give, net	51,759	300,620
Property and equipment, net	3,101,297	3,126,939
Contributions receivable from remainder unitrusts	81,360	160,393
Other assets	39,724	39,724
Unrealized gain on interest rate swap instrument	<u>17,260</u>	<u>-</u>
	33,218,050	35,761,818
Less amounts not available to be used within one year due to:		
Board/donor designations:		
Endowed funds, net of spendable amounts and administrative fees	16,804,452	20,339,905
Restricted amounts that may not be used within one year, net of spendable amounts and administrative fees	<u>8,278,359</u>	<u>6,145,370</u>
Assets available to meet cash needs for general expenditures within one year	<u>\$ 8,135,239</u>	<u>\$ 9,276,543</u>

As part of its liquidity plan, the Foundation has a policy to structure its assets to be available as its general expenditures, liabilities and other obligations become due. The Foundation invests excess cash in short-term investments, including money market accounts, and has the ability to redeem certain investments as necessary to meet its obligations.

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

Note 3. Endowments

The Foundation's endowments consist of 28 individual funds established for a variety of purposes. Its endowments include permanent endowments, term endowments, and funds designated by the Board of Directors, if applicable, to function as endowments. Net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions. Endowment funds are invested in accordance with sound investment practices that emphasize long-term growth investment fundamentals and minimize the risk of large investment losses. The performance objectives of the endowment funds are:

1. To grow over the long run and earn, through a combination of investment income and capital appreciation, a rate of return (time-weighted total return) in excess of the custom policy index appropriate for the asset allocation strategy risk-adjusted basis benchmarks established for the medium term (3 years) and long term (5 years).
2. To diversify the portfolio in order to reduce the risk of wide swings in market value from year to year, or of incurring large losses that could occur from concentrated positions.
3. To achieve investment results over the long-term that compare favorably with those of other professionally managed portfolios (managed peer groups) and appropriate market indexes.

Endowment funds generally distribute an amount equal to 5 percent of the fund's average value. The distributions are made quarterly in an amount equal to 1.25 percent of the calculated distribution value. The distribution value is the average of the fair market value of the fund as of the close of each of the preceding 12 calendar quarters. The fund's market value is based on all endowment assets including principal and retained income, adjusted for all gains and losses, whether realized or unrealized, and determined as of the last business day of the quarter.

Endowment investments consist of the following at September 30:

	<u>2022</u>	<u>2021</u>
Donor - temporarily restricted endowment funds	\$ 7,107,475	\$ 10,648,109
Donor - permanently restricted endowment funds	<u>9,696,977</u>	<u>9,691,796</u>
	<u>\$ 16,804,452</u>	<u>\$ 20,339,905</u>

Changes in endowment investments for the year ended September 30, 2022 are as follows:

Endowment net assets, October 1, 2021	\$ 20,339,905
Investment income, net	(3,201,098)
New gifts	5,181
Transfers	172,469
Released from restrictions	<u>(512,005)</u>
Endowment net assets, September 30, 2022	<u>\$ 16,804,452</u>

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

Note 3. Endowments, Continued

Changes in endowment investments for the year ended September 30, 2021 are as follows:

Endowment net assets, October 1, 2020	\$ 18,209,946
Investment income, net	3,574,677
New gifts	348,275
Management fees	(621,388)
Released from restrictions	<u>(1,171,605)</u>
Endowment net assets, September 30, 2021	<u>\$ 20,339,905</u>

Funds with deficiencies:

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or SCUPMIFA requires the Foundation to retain as a fund of perpetual duration (underwater endowments). The Foundation has interpreted SCUPMIFA to permit spending from underwater endowments in accordance with prudent measures required under law. At September 30, 2022, funds with original gift values of \$2,680,743, fair values of \$2,063,307 and deficiencies of \$617,436 were reported in net assets with donor restrictions; there was no spending on underwater endowments during the year ended September 30, 2022. At September 30, 2021, funds with original gift values of \$1,910,959, fair values of \$1,550,617 and deficiencies of \$360,342; there was no spending on underwater endowments during the year ended September 30, 2021.

Note 4. Net Assets with Donor Restrictions

Net assets with donor restrictions comprised the following as of September 30, 2022:

Subject to expenditures for specific purposes:

Prisma Health - Midlands programs	\$ 15,385,834
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Subject to perpetual restrictions:

Prisma Health - Midlands programs	<u>9,696,977</u>
Total net assets with donor restrictions	<u>\$ 25,082,811</u>

Net assets with donor restrictions comprised the following as of September 30, 2021:

Subject to expenditures for specific purposes:

Prisma Health - Midlands programs	\$ 16,793,479
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Subject to perpetual restrictions:

Prisma Health - Midlands programs	<u>9,691,796</u>
Total net assets with donor restrictions	<u>\$ 26,485,275</u>

Note 5. Concentrations of Credit Risk

The Foundation and Taylor-Marion place their cash and cash equivalents with high quality financial institutions. At September 30, 2022, deposits with financial institutions exceeded Federal Deposit Insurance Corporation (FDIC) insurance limits.

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

Note 6. Investments

Investments are presented in the financial statements in the aggregate, at fair market value. Investments consist of the following at September 30, 2022:

	<u>Cost</u>	<u>Fair value</u>	<u>Unrealized appreciation (depreciation)</u>
Equity securities	\$ 6,331,797	\$ 6,815,314	\$ 483,517
Mutual funds	20,629,670	20,495,853	(133,817)
Money funds	<u>2,035,092</u>	<u>2,035,092</u>	<u>-</u>
	<u>\$ 28,996,559</u>	<u>\$ 29,346,259</u>	<u>\$ (349,700)</u>

Investments consist of the following at September 30, 2021:

	<u>Cost</u>	<u>Fair value</u>	<u>Unrealized appreciation</u>
Equity securities	\$ 4,851,466	\$ 6,425,680	\$ 1,574,214
Mutual funds	17,452,360	23,317,663	5,865,303
Money funds	<u>2,900,749</u>	<u>2,900,749</u>	<u>-</u>
	<u>\$ 25,204,575</u>	<u>\$ 32,644,092</u>	<u>\$ 7,439,517</u>

Investment revenues are reported net of related expenses of \$182,696 and \$175,206 for the years ended September 30, 2022 and 2021, respectively.

The Foundation may invest in securities with contractual cash flows, such as asset backed securities, collateralized mortgage obligations and commercial mortgage-backed securities, including securities backed by subprime mortgage loans. The value, liquidity and related income of these securities are sensitive to changes in economic conditions, including real estate values, delinquencies or defaults, or both, and may be adversely affected by shifts in the market's perception of the issuers and changes in interest rates.

The following table shows gross unrealized losses and fair value of investments in an unrealized loss position at September 30, 2022. The Foundation had 8 equities and 10 mutual funds that were in a loss position at September 30, 2022. The information below is aggregated by investment category and length of time that individual investments have been in a continuous unrealized loss position at September 30, 2022:

	<u>Less than 12 months</u>		<u>12 months or more</u>		<u>Total</u>	
	<u>Fair value</u>	<u>Unrealized loss</u>	<u>Fair value</u>	<u>Unrealized loss</u>	<u>Fair value</u>	<u>Unrealized loss</u>
Equities	\$ -	\$ -	\$ 1,767,659	\$ (620,986)	\$ 1,767,659	\$ (620,986)
Mutual Funds	<u>12,410,255</u>	<u>(1,404,122)</u>	<u>-</u>	<u>-</u>	<u>12,410,255</u>	<u>(1,404,122)</u>
	<u>\$ 12,410,255</u>	<u>\$ (1,404,122)</u>	<u>\$ 1,767,659</u>	<u>\$ (620,986)</u>	<u>\$ 14,177,914</u>	<u>\$ (2,025,107)</u>

The Foundation has the ability and intent to hold these securities until such time as the value recovers. Management believes that the deterioration in value is attributable to a decline in the securities market, which is considered a temporary impairment.

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

Note 7. Fair Value Measurements

The Foundation determines fair value measurements in accordance with a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Foundation has the ability to access.
- Level 2: Inputs to the valuation methodology include observable market-based inputs or unobservable inputs that are corroborated by market data.
- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following is a description of the valuation methodologies used for the Foundation assets and liabilities measured at fair value at September 30, 2022 and 2021:

Equity securities and mutual funds – Valued at the closing price reported on the active market on which the individual securities or funds are traded.

Money funds – Fair value is based on the net asset value (“NAV”) that can be validated with a sufficient level of observable activity (i.e. purchases and sales at NAV).

Unconditional promises to give – Valued based on discounted future cash flows.

Interest rate swap – Valued based on the unrealized gain/loss position as confirmed by the issuing financial institution at September 30, 2022 and 2021.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Foundation believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

Note 7. Fair Value Measurements, Continued

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets and liabilities:

	September 30, 2022			Total
	Level 1	Level 2	Level 3	
Equity securities:				
Basic materials	\$ 530,522	\$ -	\$ -	\$ 530,522
Financial services	336,386	-	-	336,386
Healthcare	1,335,060	-	-	1,335,060
Industrial goods	1,247,050	-	-	1,247,050
Services	1,795,633	-	-	1,795,633
Technology	<u>1,570,663</u>	-	-	<u>1,570,663</u>
Total equity securities	<u>6,815,314</u>	-	-	<u>6,815,314</u>
Mutual funds:				
Intermediate term bond	5,454,788	-	-	5,454,788
Short term bond	2,011,222	-	-	2,011,222
Large blend	3,170,041	-	-	3,170,041
Large growth	3,266,774	-	-	3,266,774
Large value	1,822,871	-	-	1,822,871
Mid growth	1,132,437	-	-	1,132,437
Mid value	1,251,812	-	-	1,251,812
Small growth	1,098,249	-	-	1,098,249
Small value	<u>1,287,659</u>	-	-	<u>1,287,659</u>
Total mutual funds	<u>20,495,853</u>	-	-	<u>20,495,853</u>
Money funds	-	2,035,092	-	2,035,092
Unconditional promises to give	-	447,896	-	447,896
Interest rate swap	-	<u>17,260</u>	-	<u>17,260</u>
Total assets and liabilities at fair value	<u>\$ 27,311,167</u>	<u>\$ 2,500,248</u>	<u>\$ -</u>	<u>\$ 29,811,415</u>

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

Note 7. Fair Value Measurements, Continued

The following table sets forth by level, within the fair value hierarchy, the Foundation's assets and liabilities:

	September 30, 2021			
	Level 1	Level 2	Level 3	Total
Equity securities:				
Basic materials	\$ 297,341	\$ -	\$ -	\$ 297,341
Financial services	392,037	-	-	392,037
Healthcare	1,103,368	-	-	1,103,368
Industrial goods	1,052,821	-	-	1,052,821
Services	1,724,037	-	-	1,724,037
Technology	1,856,076	-	-	1,856,076
Total equity securities	6,425,680	-	-	6,425,680
Mutual funds:				
Intermediate term bond	5,480,653	-	-	5,480,653
Short term bond	1,374,614	-	-	1,374,614
Large blend	3,424,036	-	-	3,424,036
Large growth	4,749,486	-	-	4,749,486
Large value	1,845,139	-	-	1,845,139
Mid growth	1,725,856	-	-	1,725,856
Mid value	1,499,582	-	-	1,499,582
Small growth	1,648,613	-	-	1,648,613
Small value	1,569,684	-	-	1,569,684
Total mutual funds	23,317,663	-	-	23,317,663
Money funds	-	2,900,749	-	2,900,749
Unconditional promises to give	-	625,400	-	625,400
Interest rate swap	-	(68,169)	-	(68,169)
Total assets and liabilities at fair value	\$ 29,743,343	\$ 3,457,980	\$ -	\$ 33,201,323

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

Note 8. Unconditional Promises to Give

Included in contributions receivable are the following unconditional promises to give at September 30:

	<u>2022</u>	<u>2021</u>
Curing Kids Cancer – restricted	\$ 240,000	\$ 450,000
Other	<u>268,989</u>	<u>237,007</u>
	508,989	687,007
Less: Unamortized discount and allowance for doubtful pledges	<u>61,093</u>	<u>61,607</u>
Net unconditional promises to give	<u>\$ 447,896</u>	<u>\$ 625,400</u>
Amounts due in:		
Less than one year	\$ 396,137	\$ 324,780
One to five years	<u>51,759</u>	<u>300,620</u>
Total	<u>\$ 447,896</u>	<u>\$ 625,400</u>

The discount rate used to determine the present value of the estimated future cash flows was 3.60% and 1% at September 30, 2022 and 2021, respectively. Management has determined that no further allowance was necessary at September 30, 2022 and 2021.

Note 9. Property and Equipment

Property and equipment consist of the following at September 30:

	<u>2022</u>	<u>2021</u>
Land	\$ 1,274,500	\$ 1,274,500
Buildings and building improvements	2,811,940	2,748,715
Computer equipment	599,877	599,877
Furniture and equipment	<u>304,246</u>	<u>304,246</u>
	4,990,563	4,927,338
Less: accumulated depreciation	<u>1,889,266</u>	<u>1,800,399</u>
Property and equipment, net	<u>\$ 3,101,297</u>	<u>\$ 3,126,939</u>

Depreciation expense for the years ended September 30, 2022 and 2021 was \$88,866 and \$86,070, respectively.

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

Note 10. Charitable Remainder Unitrusts

As of September 30, 2022, the Foundation has been named the beneficiary of two donors' charitable remainder unitrusts (the "Trusts"). The Trusts provide that the Trustee will pay 5 percent and 6 percent, respectively, of the net fair market value of the assets of the Trusts valued on the first day of each taxable year of the Trusts to the donor. Upon the death of each donor, the designated portion of the remaining principal and income will be distributed to the Foundation.

The Foundation is not the trustee of the Trusts. Accordingly, the Foundation has recognized as contribution revenue with donor restrictions and as a receivable, the present value of the estimated future benefits to be received when the Trusts' assets are distributed. The present value was based on the fair market value of the assets. For the year ended September 30, 2022, a discount rate of 2.93 percent was assumed in calculating the present values. For the year ended September 30, 2021, a discount rate of 0.86 percent was assumed in calculating the present values. The present values of the estimated future benefits to be received when the Trusts' assets are distributed are \$81,360 and \$160,393 at September 30, 2022 and 2021, respectively. There was a third trust that was paid out during the year ended September 30, 2022.

Note 11. Bond Payable

In August 2006, the Foundation authorized issuance of \$4,160,000 in revenue bonds in the name of Taylor-Marion for the purpose of financing the purchase of an office building and funding the renovation and furnishing of this new facility, which is collateralized by the building, fixtures, and land. The bond was refinanced in September 2015 with a maturity date of September 1, 2025 and bears interest at 3.06313%.

Principal maturities for the years following September 30, 2022, are as follows:

2023	\$ 229,503
2024	237,666
2025	<u>764,398</u>
	1,231,567
Less: unamortized debt issuance costs	<u>11,481</u>
	<u>\$ 1,220,086</u>

In September 2015, the Foundation also entered into an interest rate swap agreement with a financial institution, which effectively hedged its variable interest rate exposure on its outstanding debt. The swap has an original notional principal amount of \$2,632,444 at a fixed rate of 3.37 percent per annum, which reduces as debt principal payments are made.

The fair value of the swap was an asset/(liability) of \$17,260 and (\$68,169) as of September 30, 2022 and 2021, respectively, which would be payable to or redeemable from the financial institution if the agreement was terminated prior to its maturity.

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

Note 12. Contributed Nonfinancial Assets

The Foundation recognizes contribution revenue and expense for certain services and items received at the fair value of those services or items. The following contributed nonfinancial assets are recorded in the accompanying consolidated statements of activities as revenue and expense for the years ended September 30:

	<u>2022</u>	<u>2021</u>
Advertising	\$ 52,500	\$ 52,500
Program service supplies and equipment	315,889	367,579
Miscellaneous	<u>2,945</u>	<u>16,415</u>
	<u>\$ 371,334</u>	<u>\$ 436,494</u>

Contributed services is comprised of various advertising services. Contributed services are valued and are reported at the estimated fair value in the consolidated financial statements based on current rates for similar professional services. These services did not have donor-imposed restrictions.

Donated programmatic equipment and supplies is recognized at their estimated fair values at the date of donation based on wholesale values that would be received for selling similar products in the United States. Contributed programmatic equipment and supplies are restricted by the donors for use by the Foundation or Prisma Health – Midlands. The Foundation reports expirations of donor restrictions when used or transferred to Prisma Health – Midlands as instructed by the donor.

Miscellaneous contributed items are recognized at their estimated fair values at the date of donation based on wholesale values that would be received for selling similar products in the United States. These services did not have donor-imposed restrictions.

Note 13. Employee Leasing/Retirement Plans

The Foundation has an employee leasing agreement under which all Foundation personnel are leased from an outside agency. The agency handles all payroll administration, employee benefits and related matters in exchange for a monthly fee. All leased employees who work full time and are at least twenty-one years of age are covered under a defined contribution 401(k) plan maintained by the leasing agency. Eligible participants may contribute up to fifteen percent of their annual compensation up to federally mandated maximums. During the years ended September 30, 2022 and 2021, the Foundation made matching contributions of 4 percent of the participants' eligible compensation. The plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Foundation's contributions to the plan totaled \$38,835 and \$58,271 during the years ended September 30, 2022 and 2021, respectively.

Note 14. Leases

The Foundation previously leased office and storage space from Taylor-Marion for approximately \$31,800 per month. This month-to-month rental began in November 2006 and continued through the 2020 fiscal year. In 2021, the Foundation discontinued its monthly lease payments as Taylor-Marion had accumulated enough cash in a voluntary "sinking fund" to cover the bond debt associated with the purchase of the building. As of September 30, 2022, monthly lease payments have not resumed.

Prisma Health Midlands Foundation and Subsidiary

Notes to Consolidated Financial Statements

September 30, 2022 and 2021

Note 15. Allocated Joint Costs

In 2022, the costs of conducting fundraising events included a total of \$712,983 of joint costs that are not directly attributable to the program service component or the fundraising component of the activities. Those joint costs were allocated \$423,675 to program services and \$289,308 to awareness.

In 2021, the costs of conducting fundraising events included a total of \$924,247 of joint costs that are not directly attributable to the program service component or the fundraising component of the activities. Those joint costs were allocated \$512,125 to program services and \$412,122 to awareness.

Note 16. Related Parties

The Foundation has an agreement with Prisma Health - Midlands to provide fundraising activities in support of Prisma Health - Midlands's programs and services, specifically to provide the present level of fundraising support and event management to Children's Hospital of Prisma Health Richland, the Prisma Health Cancer Centers, and other hospital programs. In exchange for these services, Prisma Health - Midlands will fund the annual operating budget for the Foundation, exclusive of direct event costs and Children's Miracle Network program costs, once the budget is approved as part of the Annual Plan. This eliminated the need for the management fee disclosed in Note 1 that was discontinued in 2022. The agreement was effective October 1, 2021 and has a term of 5 years. In fiscal year 2022 and 2021, these commitments totaled \$1,579,000 and \$1,550,000, respectively. Future commitments due from Prisma Health - Midlands under this agreement are as follows:

October 1, 2022 – September 30, 2023 \$ 1,800,000

Significant related party transactions for the years ended September 30 are as follows:

	<u>2022</u>	<u>2021</u>
Contract services with Prisma Health - Midlands	\$ 1,579,000	\$ 1,550,000
Rent for equipment leased from Prisma Health - Midlands	494	37
Rent for office and storage space leased to Prisma Health - Midlands	380,269	380,269
Accrued expenses to Prisma Health – Midlands for program services	517,579	-

Effective November 1, 2006, Prisma Health - Midlands signed a lease agreement with Taylor-Marion to occupy approximately 12,500 square feet of space within Taylor-Marion's office facility. This twenty-year lease which expires October 31, 2026 requires that Prisma Health - Midlands, as tenant, pay Taylor-Marion an annual minimum rent of approximately \$297,900 in equal monthly installments of \$24,825 through October 2016. Thereafter, annual minimum rent will increase on November 1, 2016, 2019, 2022 and 2025, based on a calculation using average and current consumer price index.

The Foundation staff also assists Prisma Health - Midlands with fund-raising by preparing federal grant applications for specific programs, and, at times, the grant program funding is transmitted directly to the Foundation in an agency capacity.

Prisma Health Midlands Foundation and Subsidiary
Consolidating Statement of Financial Position
As of September 30, 2022

	Prisma Health Midlands Foundation	Taylor-Marion PHMF, LLC	Eliminations	Consolidated
Assets				
Current assets				
Cash and cash equivalents	\$ 1,512,876	\$ 1,941,787	\$ -	\$ 3,454,663
Investments	29,346,259	-	-	29,346,259
Unconditional promises to give, net				
Restricted	396,137	-	-	396,137
Accounts receivable	8,898	-	-	8,898
Accrued interest receivable	12,093	-	-	12,093
Prepaid expenses and other	53,734	1,691	-	55,425
Total current assets	<u>31,329,997</u>	<u>1,943,478</u>	<u>-</u>	<u>33,273,475</u>
Long-term unconditional promises to give, net				
Restricted	51,759	-	-	51,759
Property and equipment, net				
	972	3,100,325	-	3,101,297
Other assets				
Investment in Taylor-Marion PHMF, LLC	3,833,681	-	(3,833,681)	-
Contributions receivable from remainder unitrusts	81,360	-	-	81,360
Other assets	39,724	-	-	39,724
Unrealized gain on interest rate swap instrument	-	17,260	-	17,260
	<u>3,954,765</u>	<u>17,260</u>	<u>(3,833,681)</u>	<u>138,344</u>
Total assets	<u>\$ 35,337,493</u>	<u>\$ 5,061,063</u>	<u>\$ (3,833,681)</u>	<u>\$ 36,564,875</u>
Liabilities and Net Assets/Member's Equity				
Current liabilities				
Current portion of bond payable, net	\$ -	\$ 223,763	\$ -	\$ 223,763
Accounts payable	26,063	3,800	-	29,863
Accrued expenses and other	573,944	3,496	-	577,440
Deferred revenue	448,432	-	-	448,432
Total current liabilities	<u>1,048,439</u>	<u>231,059</u>	<u>-</u>	<u>1,279,498</u>
Long-term liabilities				
Bond payable, net	-	996,323	-	996,323
Total long-term liabilities	-	996,323	-	996,323
Total liabilities	<u>1,048,439</u>	<u>1,227,382</u>	<u>-</u>	<u>2,275,821</u>
Net assets/member's equity				
Without donor restrictions	9,206,243	-	-	9,206,243
With donor restrictions	25,082,811	-	-	25,082,811
Total net assets	<u>34,289,054</u>	<u>-</u>	<u>-</u>	<u>34,289,054</u>
Member's equity	-	3,833,681	(3,833,681)	-
Total net assets/member's equity	<u>34,289,054</u>	<u>3,833,681</u>	<u>(3,833,681)</u>	<u>34,289,054</u>
Total liabilities and net assets/member's equity	<u>\$ 35,337,493</u>	<u>\$ 5,061,063</u>	<u>\$ (3,833,681)</u>	<u>\$ 36,564,875</u>

Prisma Health Midlands Foundation and Subsidiary
Consolidating Statement of Activities
For the year ended September 30, 2022

	Prisma Health Midlands Foundation	Taylor-Marion PHMF, LLC	Eliminations	Consolidated
Changes in net assets without donor restrictions				
Revenues				
Contributions	\$ 41,386	\$ -	\$ -	\$ 41,386
Prisma Health contract services	1,579,000	-	-	1,579,000
Rental income	-	380,269	-	380,269
Interest and dividends, net	81,985	2,305	-	84,290
Net realized and unrealized gain/(loss) on investments	(2,124,896)	-	-	(2,124,896)
Equity in net income of affiliates	213,200	-	(213,200)	-
Unrealized gain on interest rate swap instrument	-	85,429	-	85,429
Total revenues without donor restrictions	(209,325)	468,003	(213,200)	45,478
Net assets released from donor restrictions	2,779,156	-	-	2,779,156
Transfers	(6,452)	-	-	(6,452)
	<u>2,563,379</u>	<u>468,003</u>	<u>(213,200)</u>	<u>2,818,182</u>
Expenses				
Program services	3,278,743	-	-	3,278,743
Costs of direct benefits to donors	48,754	-	-	48,754
Management and general	162,698	254,803	-	417,501
Fundraising	1,037,185	-	-	1,037,185
Total expenses	4,527,380	254,803	-	4,782,183
Change in net assets without donor restrictions	<u>(1,964,001)</u>	<u>213,200</u>	<u>(213,200)</u>	<u>(1,964,001)</u>
Changes in net assets with donor restrictions				
Revenues				
Contributions	2,989,265	-	-	2,989,265
Contributed nonfinancial assets	371,859	-	-	371,859
Special event revenue	1,786,345	-	-	1,786,345
Interest and dividends, net	293,678	-	-	293,678
Net unrealized and realized loss on investments	(4,039,824)	-	-	(4,039,824)
Change in value of split-interest agreement	(31,083)	-	-	(31,083)
Total revenues with donor restrictions	1,370,240	-	-	1,370,240
Net assets released from donor restrictions	(2,779,156)	-	-	(2,779,156)
Transfers	6,452	-	-	6,452
Change in net assets with donor restrictions	<u>(1,402,464)</u>	<u>-</u>	<u>-</u>	<u>(1,402,464)</u>
Change in net assets	<u>(3,366,465)</u>	<u>213,200</u>	<u>(213,200)</u>	<u>(3,366,465)</u>
Net assets/member's equity, beginning of year	<u>37,655,519</u>	<u>3,620,481</u>	<u>(3,620,481)</u>	<u>37,655,519</u>
Net assets/member's equity, end of year	<u>\$ 34,289,054</u>	<u>\$ 3,833,681</u>	<u>\$ (3,833,681)</u>	<u>\$ 34,289,054</u>

Prisma Health Midlands Foundation and Subsidiary

Statement of Changes in Net Assets

For the year ended September 30, 2022

	September 30, 2021	Revenues, Gains (Losses) and Other Support	Expenses	Transfers In (Out)	September 30, 2022
Net assets without donor restrictions	\$ 11,170,244	\$ (209,325)	\$ 1,748,224	\$ (6,452)	\$ 9,206,243
Adolescent Chemically Dependent Outpatient					
Program Quasi Endowment	40,662	(7,336)	-	-	33,326
Adolescent Psychiatry	1,944	1,625	-	-	3,569
Adolescent Substance Abuse Prevention Endowment	2,943	(2,335)	-	-	608
Annie Pitts Endowment	120,981	(55,770)	-	(27,239)	37,972
Arnold Family Quasi Endowment	227,522	(38,234)	-	(13,310)	175,978
B. Smith Cancer Fund	27,699	750	-	-	28,449
Baptist Project	224,373	1,181,654	1,257,010	76,891	225,908
Bayler Teal Fund	404,218	(68,189)	-	(18,804)	317,225
Behavioral Care	30,051	1,875	45	-	31,881
Beverly Zeigler Endowment	17,621	(5,145)	-	(16,857)	(4,381)
Bonner Family Breast Cancer Endowment	132,145	(83,378)	-	-	48,767
Breast Health	473,745	2,413	240	236,167	712,085
Camp Kemo Quasi Endowment	1,124,816	(251,617)	-	300,000	1,173,199
Camp Kemo Programs	550,819	364,332	2,962	(294,212)	617,977
Camp Wonderhands	56,837	4,225	61,087	25	-
Cardiology	58,165	4,492	-	-	62,657
Cardiology - Zemp Endowment	225,884	(65,758)	-	-	160,126
Caroline & Kester Freeman Endowment	23,180	(18,472)	-	-	4,708
Champions	197,409	216,386	167,019	-	246,776
Child Abuse	3,830	750	65	-	4,515
Child Life	36,024	102,403	75,881	-	62,546
Children's Hospital	1,434,107	114,887	45	1,201,417	2,750,366
Children's Hospital Capital Campaign	18,726	2,109	1,800	-	19,035
Children's Hospital Quasi Endowment	409,246	(73,834)	-	-	335,412
Children's Miracle Network	-	657,719	88,749	(568,970)	-
Children's Services - Baptist	-	-	-	-	-
Community Initiative Fund	25,527	550	-	-	26,077
Community Services	43,205	90,750	16,700	-	117,255
Curing Kids Cancer Research Quasi Endowment	575,198	(318,719)	-	-	256,479
Dance Marathon	-	730,444	131,410	(599,034)	-
Dental Residency Quasi Endowment	59,454	(10,727)	-	-	48,727
Derrick/Lynch Champion of Children	4,849	-	-	-	4,849
Double E Quasi Endowment	99,010	-	-	-	99,010
Duby Thomson Quasi Endowment	95,650	(17,257)	-	-	78,393
Duke Endowment Restricted Grants	12,640	(2,280)	-	-	10,360
E.J. Dennis Endowment	28,144	(25,592)	-	-	2,552
Educational Scholarships	11,026	2,140	-	-	13,166
Eleanor Clark Endowment	33,626	(57,011)	-	(13,092)	(36,477)
Emergency Services	191,279	73,290	125	-	264,444
Employee Benevolence	160,498	6,985	33	-	167,450
ER Medicine	23,163	275	65	-	23,373
F.S. Smith, Jr. Endowment	82,218	(34,110)	-	-	48,108
Family Practice Fund	8,223	1,000	-	-	9,223
Festival of Trees	-	44,815	19,684	(25,131)	-
Frederick Blair Bauknight Endowment	10,577	(3,928)	-	(1,112)	5,537
Fuller Charitable Remainder Trust	9,942	(3,366)	-	-	6,576
Gemale Quasi Endowment	-	-	-	-	-
Geriatrics	17,650	375	100	-	17,925
Greyson Draughon Carlisle Endowment	37,557	(11,392)	-	-	26,165
Golf Classic	-	65,512	8,621	(56,891)	-
H. Franklin & Mildred P. Weed Blood Disorder Endowment	(12,197)	(20,812)	-	(5,882)	(38,891)
Hannah's Garden	125,580	(22,656)	-	-	102,924
Harper Scholarship Quasi Endowment	25,326	(4,569)	-	-	20,757
Helman Endowment	(4,070)	(5,175)	-	(1,466)	(10,711)

Prisma Health Midlands Foundation and Subsidiary

Statement of Changes in Net Assets

For the year ended September 30, 2022

	September 30, 2021	Revenues, Gains (Losses) and Other Support	Expenses	Transfers In (Out)	September 30, 2022
Hematology/Oncology (Aflac) Endowment	193,347	(270,028)	-	-	(76,681)
Hospice - General Midlands Fund	338,039	5,709	-	-	343,748
Hospice Designated Quasi Endowment	420,184	(75,808)	-	-	344,376
Kemopalooza	-	-	-	-	-
Kondurous Fisherman Quasi Endowment	162,879	(28,537)	8,222	-	126,120
Lee Hinton Pediatric Transport Endowment	(308,571)	(19,532)	-	-	(328,103)
Linda Wells Camp Kemo Endowment	794	(4,432)	-	(1,130)	(4,768)
Mildred P. & H. Franklin Weed, Jr. Scholarship Endowment	(4,714)	(6,887)	-	(1,951)	(13,552)
Montgomery Cancer Research Endowment	22,847	(22,937)	-	-	(90)
Neurosurgery	163,995	34,950	52,569	-	146,376
NICU Quasi Endowment	150,974	38,573	35,572	12,996	166,971
Nurse Anesthesia	33,603	625	-	-	34,228
Nursing Education	17,905	250	115	-	18,040
Ostomy Endowment	29,425	(5,309)	-	-	24,116
Palmetto Senior Care	6,856	3,530	-	-	10,386
Pastoral Counseling Quasi Endowment	200,204	(36,002)	-	-	164,202
Pastoral Services	61,081	300	-	-	61,381
Patient Assistance Quasi Endowment	24,030	(4,217)	-	-	19,813
Pediatric Emergency Room	12,110	1,375	15	-	13,470
Pediatric Intensive Care Unit	38,516	1,375	-	-	39,891
Pediatric Oncology	148,906	6,986	1,868	24,687	178,711
Pediatric Palliative Care	12,814	875	225	6,879	20,343
Personal Touches Volunteer	163,394	201,000	-	-	364,394
PH Parkridge	69,679	11,375	-	6,546	87,600
PH Richland Auxiliary Quasi Endowment	73,971	189,951	243,211	-	20,711
PHCC	663,203	1,475	-	36,934	701,612
PHCC - Designated	201,782	37,128	555	-	238,355
PHCC Dr. Butler Quasi Endowment	7,543	(1,361)	-	-	6,182
PHCC Quasi Endowment	124,348	(20,861)	-	(9,695)	93,792
Prisma Health Quasi Endowment	243,707	48,735	-	-	292,442
Pulmonary and Critical Care Medicine	-	4,000	-	6,425	10,425
Radiothon	-	9,260	979	(8,281)	-
Ralph Bivona Endowment	(1,122)	(1,511)	-	(428)	(3,061)
Roach Pediatric Palliative Care and Hospice Endowment	33,202	(24,694)	252	(5,767)	2,489
SAFE Kids	1,742	-	-	-	1,742
SC Endowment	437,933	(220,687)	-	-	217,246
Schaadt Charitable Remainder Trust	102,501	(27,717)	-	-	74,784
Simulation Center	11,046	240,369	240,009	-	11,406
Surgery Endowment	142,110	(25,568)	-	-	116,542
Surgical Services	4,684	-	-	-	4,684
Tate Scholarship Endowment	(2,158)	(2,867)	-	(812)	(5,837)
Thomas Pitts Endowment	1,639,388	(957,688)	210,000	-	471,700
Trauma Services	202,922	21,500	20	-	224,402
Walk for Life	-	330,234	113,903	(216,331)	-
W.L. Ivey Fellowship Endowment	133,790	(38,602)	-	-	95,188
Women's Board Fund	185,419	1,200	-	6,860	193,479
Women's Leadership Circle	-	-	-	-	-
Women's Services	37,635	875	25,000	-	13,510
Wyman Boozer Quasi Endowment	208,981	(37,627)	-	(2,980)	168,374
CN Nursing Education	1,635	-	-	-	1,635
Cinda Rae Anderson Trust	-	-	-	-	-
The Aflac Foundation Pediatric Hematology/Oncology Endowment	(28,344)	(66,579)	-	-	(94,923)
DJ Gibson Quasi Endowment	30,452	(3,072)	-	-	27,380
Prospt M.D. Child Development/Behavioral	1,774	-	-	-	1,774
Ophthalmology	31,660	13,375	-	-	45,035
Parkridge Volunteer Auxiliary	10,740	-	-	-	10,740

Prisma Health Midlands Foundation and Subsidiary

Statement of Changes in Net Assets

For the year ended September 30, 2022

	September 30, 2021	Revenues, Gains (Losses) and Other Support	Expenses	Transfers In (Out)	September 30, 2022
BHS Board of Trustees Quasi Endowment	1,297,180	(230,618)	-	(20,000)	1,046,562
Pediatric Trauma Quasi Endowment	32,628	(4,362)	-	-	28,266
Neonatology Quasi Endowment	436,202	(77,148)	15,000	-	344,054
Graduate Medical Educ & Research Quasi Endowment	834,773	(150,606)	-	-	684,167
Continuing Medical Educ Quasi Endowment	226,833	61,197	-	-	288,030
Adolescent Substance Abuse Prevention Endowment	10,000	-	-	-	10,000
Aflac Pediatric Oncology/Hematology Endowed Chair	1,294,627	-	-	-	1,294,627
Annie Pitts Endowment	220,067	-	-	-	220,067
Arnold Family Quasi Endowment	-	-	-	-	-
Kondurous Fisherman Endowment	-	-	-	-	-
Beverly Zeigler Endowment	26,060	-	-	-	26,060
Bonner Family Breast Cancer Endowment	330,000	-	-	-	330,000
Cardiology - Zemp Endowment	138,596	-	-	-	138,596
Caroline & Kester Freeman Endowment	79,208	-	-	-	79,208
Curing Kids Cancer Research Endowment	1,200,340	-	-	-	1,200,340
E.J. Dennis Endowment	113,707	-	-	-	113,707
Eleanor Clark Endowment	300,000	-	-	-	300,000
F. S. Smith, Jr. Endowment	106,846	-	-	-	106,846
Frederick Blair Bauknight Endowment	12,500	-	-	-	12,500
Greyson Draughon Carlisle Endowment	25,518	53	-	-	25,571
H. Franklin & Mildred P. Weed Endowment	134,449	-	-	-	134,449
Helman Endowment	34,475	-	-	-	34,475
Hematology/Oncology (Aflac)	400,000	-	-	-	400,000
Hospice Endowment	-	-	-	-	-
Lee Hinton Pediatric Transport Endowment	418,408	3,128	-	-	421,536
Linda Wells Camp Kemo Endowment	23,585	2,000	-	-	25,585
Mildred P. & H. Franklin Weed, Jr. Scholarship Endowment	45,172	-	-	-	45,172
Montgomery Cancer Research Endowment	104,289	-	-	-	104,289
Ralph Bivona Endowment	10,000	-	-	-	10,000
Roach Pediatric Palliative Care and Hospice Endowment	110,766	-	-	-	110,766
SC Endowment	785,280	-	-	-	785,280
Tate Scholarship Endowment	19,000	-	-	-	19,000
Thomas Pitts Endowment	3,668,732	-	-	-	3,668,732
W.L. Ivey Fellowship Endowment	80,171	-	-	-	80,171
Net assets with donor restrictions	26,485,275	1,370,240	2,779,156	6,452	25,082,811
Totals	<u>\$ 37,655,519</u>	<u>\$ 1,160,915</u>	<u>\$ 4,527,380</u>	<u>\$ -</u>	<u>\$ 34,289,054</u>